

Message Text

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62

ORIGIN L-02

INFO OCT-01 ARA-06 EUR-12 EA-06 ISO-00 CPR-01 EB-07 TRSE-00

CU-02 RSC-01 /038 R

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R 062155Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USLO PEKING

AMCONSUL HONG KONG

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E.O. 11652:N/A

TAGS:TGEN, AR, OEXC

SUBJECT: INCOME TAX EXEMPTIONS FOR ARGENTINE RESEARCHERS

REF: (1) BA 9137 (2) BA A-354 (3) BA 0004

1. REFTEL REQUESTED INVESTIGATION BY DEPARTMENT OF REASON
BEHIND FEDERAL INCOME TAXATION OF ARGENTINE RESEARCHERS AND
SCIENTISTS WHO ARE PRESENT IN US FOR LIMITED PERIODS ON
BASIS OF GRANTS FROM GOA.

2. ONLY EXISTING BASIS FOR EXEMPTION FROM PAYMENT OF FED.
INCOME TAX, IN ABSENCE OF TREATY, IS SECTION OF IRS CODE
RELATING TO INCOME OF EMPLOYEES OF FOREIGN GOVERNMENTS AND
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INTERNATIONAL ORGANIZATIONS. UNDER 26 USC 893, WAGES, FEES

AND SALARIES OF EMPLOYEES OF FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS, RECEIVED AS COMPENSATION FOR "OFFICIAL SERVICES TO SUCH GOVERNMENT OR INTERNATIONAL ORGANIZATION" ARE EXEMPTED FROM INCLUSION IN GROSS INCOME AND ARE EXEMPTED FROM TAXATION, ASSUMING CERTAIN QUALIFICATIONS RELATING TO RECIPROCAL TREATMENT IN FOREIGN COUNTRIES ARE MET.

3. DEPARTMENT OFFICERS HAVE MET WITH ARGENTINE EMBOFF TO DISCUSS ISSUE AND HAVE CONCLUDED IN AGREEMENT WITH HIM THAT ONLY VIABLE WAY OF SOLVING PROBLEM WOULD BE TO NEGOTIATE DOUBLE TAXATION TREATY OR AMEND EXISTING DOUBLE TAXATION TREATY WHICH APPLIES ONLY TO SHIPPING AND AIRCRAFT INTERESTS, SINCE SCIENTISTS AND RESEARCHERS IN QUESTION ARE NOT CONSIDERED BY GOA TO BE GOA EMPLOYEES. EMBOFF PROMISED TO CONSULT WITH BUENOS AIRES AND TO ADVISE DEPARTMENT IF GOA INTERESTED IN PROCEEDING WITH NEGOTIATING OR RENEGOTIATING DOUBLE TAXATION TREATY. FYI USG POSITION IS TO ENCOURAGE CONCLUSION OF SUCH TREATIES. END FYI.

4. WE WILL REPORT WHEN RESPONSE IS RECEIVED FROM ARGENTINE EMBASSY. KISSINGER

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Message Attributes

Automatic Decaptioning: X
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Margaret P. Grafeld
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TAGS: TGEN, OEXC, AR, US
To: BUENOS AIRES
Type: TE
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